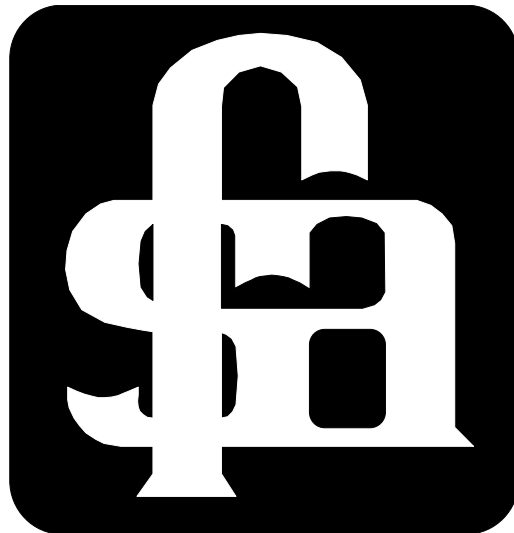


OVERVIEW OF GOVERNOR GRANHOLM'S FY 2006-07 BUDGET



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February 15, 2006

Governor Granholm's FY 2006-07 Budget Overview of Recommendations

The Governor's FY 2006-07 budget recommendation contains proposed revenue increases, proposed fee increases, increases and decreases in State appropriations, assumptions concerning the amount and utilization of Federal funds, assumptions concerning the cost of funding State employee salaries and fringe benefits, and many other proposals. Included with the FY 2006-07 budget recommendation is a recommendation for supplemental appropriations for FY 2005-06.

The Governor's FY 2006-07 budget recommendation is based on the consensus revenue estimate reached on January 12, 2006. The FY 2006-07 General Fund/General Purpose (GF/GP) consensus revenue estimate is \$8.38 billion. This represents a 2.1% increase from the consensus estimate of FY 2005-06 GF/GP revenues. The FY 2006-07 School Aid Fund consensus revenue estimate is \$11.59 billion. This represents a 3.2% increase from the consensus estimate of FY 2005-06 School Aid Fund revenues.

The Governor's FY 2006-07 budget recommendation also includes recommendations for tax policy changes and fee increases that will result in increased FY 2006-07 GF/GP and School Aid Fund revenue. Tax policy changes would increase GF/GP revenue by \$88.4 million and School Aid Fund revenue by \$22.8 million. The budget includes a proposed increase in liquor license fees that would generate \$23.0 million of GF/GP revenue.

The Governor's FY 2006-07 budget recommendation contains the following levels of appropriations:

Adjusted Gross.....	\$41.9 billion
State Spending from State Resources	\$28.0 billion
General Fund/General Purpose.....	\$ 9.3 billion

Adjusted Gross appropriations represents a \$1.0 billion or 2.5% increase from FY 2005-06 year-to-date appropriations. State Spending from State Resources appropriations represent a \$487.8 million or 1.8% increase from FY 2005-06 year-to-date appropriations. GF/GP appropriations represents a \$271.3 million or 3.0% increase from FY 2005-06 year-to-date appropriations.

FY 2005-06 Budget Update

Table 1
FY 2005-06
General Fund/General Purpose
Revenue, Expenditures, and Year-End Balance
(Millions of Dollars)

	Gov's Rec.
Revenue:	
Beginning Balance.....	\$ 220.5
<u>Ongoing Revenue:</u>	
Revenue Estimate	8,311.7
Single Business Tax Reductions	(103.9)
Pharmaceutical Tax Credit Adjustment.....	10.0
Revenue Sharing Adjustments	<u>550.5</u>
Subtotal Ongoing Revenue.....	8,768.3
<u>Non-Ongoing Revenue:</u>	
Interest Earnings Tobacco Securitization	10.0
Land Sales	47.0
Agriculture Equine Fund Transfer to GF/GP	2.0
Remonumentation Fund Transfer to GF/GP	15.0
Comprehensive Transportation Fund Transfer to GF/GP	10.8
Financial Institutions Fund Transfer to GF/GP.....	15.0
State Services Fee Fund Transfer to GF/GP	<u>6.0</u>
Subtotal Non-Ongoing Revenue.....	105.8
Total Revenue	<u>\$9,094.6</u>
Expenditures:	
Initial Appropriations	\$8,975.7
Supplemental Appropriations (PA 226 of 2005).....	1.0
Supplemental Appropriations (PA 297 of 2005).....	4.9
Supplemental Appropriations (PA 4 of 2006).....	0.0
Supplemental Recommendation.....	<u>33.2</u>
Total Expenditures	<u>\$9,014.8</u>
Projected Year-End Balance.....	<u>\$ 79.8</u>

Table 2
FY 2005-06
School Aid Fund
Revenue, Expenditures and Year-End Balance
(Millions of Dollars)

	Gov's Rec.
Revenue:	
Beginning Balance.....	\$ 93.7
Ongoing Revenue Estimate.....	11,230.9
<u>Other Revenue Adjustments:</u>	
GF/GP Grant	62.7
School Bond Loan Fund Reform Revenue	44.5
FY 2003-04 Revenue Receivable	3.0
Federal Revenue	<u>1,392.6</u>
Subtotal Other Revenue Adjustments.....	1,502.8
Total Revenue	\$12,827.4
Expenditures:	
Enacted Appropriations	\$12,757.2
Adjusted Cost Estimates.....	(51.5)
Supplemental Recommendation.....	<u>41.5</u>
Total Expenditures	\$12,747.2
Projected Year-End Balance	\$ 80.2

Table 3

FY 2005-06 Supplemental Appropriation Recommendations Included in Governor's FY 2006-07 Budget Message (Thousands of Dollars)		
Department/Item	Gross	GF/GP
Agriculture		
Americorps	\$250.0	\$0.0
Greenhouse/Nursery Emergency Response	11.0	0.0
Migrant Labor Housing.....	145.0	0.0
Food Security Assessment Activities	150.0	0.0
Civil Penalty Revenue.....	25.0	0.0
Mad Cow Disease Inspections/Testing.....	250.0	0.0
Laboratory Testing: Heavy Metals	293.0	0.0
Subtotal Agriculture	1,124.0	0.0
Attorney General		
Operations Funding	1,027.7	0.0
Subtotal Attorney General	1,027.7	0.0
Capital Outlay		
Natural Resources-Dredging at Boat Sites.....	1,470.0	0.0
Natural Resources Trust Fund Projects.....	37,339.5	0.0
Subtotal Capital Outlay	38,809.5	0.0
Civil Rights		
Operations Funding	516.4	0.0
Subtotal Civil Rights.....	516.4	0.0
Community Health		
Pandemic Flu	2,951.8	0.0
Children with Serious Emotional Disturbance.....	570.0	0.0
AIDS Prevention	1,000.0	0.0
Laboratory Services	300.0	0.0
Epidemiology	47.0	0.0
Lead Abatement Program.....	300.0	0.0
WIC Program	2,059.0	0.0
MSU and U of M Contracts	3,000.0	0.0
Pharmaceutical Services	36,217.6	0.0
Medical Adult Benefits Waiver	4,394.7	0.0
Subtotal Community Health.....	50,840.1	0.0
Education		
Hurricane Educational Expenses.....	3,286.0	0.0
Subtotal Education	3,286.0	0.0
Environmental Quality		
Office of the Great Lakes	45.0	0.0
Multi-State Hazardous Waste Tracking Tool	741.2	0.0

FY 2005-06 Supplemental Appropriation Recommendations Included in Governor's FY 2006-07 Budget Message (Thousands of Dollars)		
Department/Item	Gross	GF/GP
Environmental Quality (continued)		
Multi-State Homeland Security System	691.6	0.0
Waste Reduction Revenue Fund	3,000.0	0.0
Environmental Protection Fund.....	19,000.0	0.0
Subtotal Environmental Quality	23,477.8	0.0
History, Arts, and Libraries		
Library Funding	315.9	315.9
Arts Grants	315.9	315.9
Subtotal History, Arts, and Libraries	631.8	631.8
Human Services		
Child Support Bench Warrant Fees	600.0	0.0
Children's Trust Fund.....	297.7	0.0
Daycare Funding Shift	1,937.0	0.0
TANF Funding Shortfall	0.0	20,000.0
Title XX Funding Shortfall	0.0	15,300.0
Day Care Fund Shift	0.0	(6,600.0)
Child Support Automation Fund Shift	0.0	3,397.4
Children's Protective Services Staff	614.3	500.0
Subtotal Human Services.....	3,449.0	32,597.4
Information Technology		
Adjust Appropriation to Match Spending	17,512.3	0.0
Subtotal Information Technology.....	17,512.3	0.0
Judiciary		
Court of Appeals	150.0	0.0
Subtotal Judiciary.....	150.0	0.0
Labor and Economic Growth		
Public Service Commission: Wastewater/Energy	132.5	0.0
Office of Financial/Insurance Services: Pay Day Lending	550.0	0.0
Unemployment Agency: IT System.....	32,600.0	0.0
Subtotal Labor and Economic Growth	33,282.5	0.0
Legislature		
Redistricting Project	500.0	500.0
Subtotal Legislature	500.0	500.0
Management and Budget		
State Fair	966.7	0.0
Information Technology	2,000.0	0.0
Subtotal Management and Budget.....	2,966.7	0.0

FY 2005-06 Supplemental Appropriation Recommendations Included in Governor's FY 2006-07 Budget Message (Thousands of Dollars)		
Department/Item	Gross	GF/GP
Military and Veterans Affairs		
Veterans Homes	219.0	0.0
Starbase Program.....	206.6	0.0
Military Training Sites/Facilities.....	4,600.0	0.0
Subtotal Military and Veterans Affairs	5,025.6	0.0
Natural Resources		
Education and Outreach	250.0	0.0
State Parks	3,325.0	0.0
Law Enforcement Equipment.....	1,470.0	0.0
State Shooting Ranges Repair	83.0	0.0
Marine Safety Grants to Locals.....	1,470.0	0.0
Subtotal Natural Resources.....	6,598.0	0.0
School Aid		
Basic Foundation Allowance (\$25 Increase)	41,500.0	0.0
Cost Adjustments.....	(51,500.0)	0.0
Subtotal School Aid.....	(10,000.0)	0.0
State Police		
Criminal Justice Information Center.....	3,080.0	0.0
DNA Analysis and Laboratory Operations	1,110.9	0.0
Michigan Amber Alert Plan	31.8	0.0
Michigan Youth Leadership Academy	32.0	0.0
Highway Safety Public Information	160.0	0.0
Auto Theft Prevention Grants to Locals.....	2,150.4	0.0
Public Safety Communications System	1,000.0	0.0
Subtotal State Police	7,565.1	0.0
Transportation		
Safe Routes to School Program	3,040.2	0.0
Subtotal Transportation	3,040.2	0.0
Treasury		
Agricultural Loan Program	750.0	750.0
Telephone/Telegraph Auditors.....	2,700.0	2,700.0
401(k) Expert Assistance	100.0	100.0
SBA Rent Lapse	(4,100.0)	(4,100.0)
Subtotal Treasury	(550.0)	(550.0)
Total Supplemental Recommendations	\$189,252.7	\$33,179.2

Recent State Appropriation History

Table 4

Adjusted Gross Appropriation History (Millions of Dollars)			
Fiscal Year	Appropriations	Dollar Change	Percent Change
1997-98	\$31,472.8	\$1,816.3	6.1%
1998-99	33,160.3	1,687.5	5.4%
1999-2000	35,417.7	2,257.4	6.8%
2000-01	36,953.3	1,535.6	4.3%
2001-02	38,751.3	1,798.0	4.9%
2002-03	39,553.1	801.8	2.1%
2003-04	39,115.3	(437.8)	-1.1%
2004-05	39,909.5	794.2	2.0%
2005-06	40,860.8	951.3	2.4%
2006-07 Gov	41,882.5	1,021.7	2.5%
Change FY 2000-01 to FY 2006-07		4,929.2	13.3%
State Spending from State Resources Appropriation History (Millions of Dollars)			
Fiscal Year	Appropriations	Dollar Change	Percent Change
1997-98	\$22,493.6	\$941.3	4.4%
1998-99	23,276.8	783.2	3.5%
1999-2000	24,579.0	1,302.2	5.6%
2000-01	25,761.6	1,182.6	4.8%
2001-02	26,086.8	325.2	1.3%
2002-03	26,020.5	(66.3)	-0.3%
2003-04	25,802.5	(218.0)	-0.8%
2004-05	26,285.3	482.8	1.9%
2005-06	27,504.7	1,219.4	4.6%
2006-07 Gov	27,992.4	487.7	1.8%
Change FY 2000-01 to FY 2006-07		2,230.8	8.7%
General Fund/General Purpose Appropriation History (Millions of Dollars)			
Fiscal Year	Appropriations	Dollar Change	Percent Change
1997-98	8,735.1	366.0	4.4%
1998-99	9,415.0	679.9	7.8%
1999-2000	9,607.7	192.7	2.0%
2000-01	9,744.4	136.7	1.4%
2001-02	9,189.3	(555.1)	-5.7%
2002-03	8,830.9	(358.4)	-3.9%
2003-04	8,770.1	(60.8)	-0.7%
2004-05	8,702.8	(67.3)	-0.8%
2005-06	8,981.6	278.8	3.2%
2006-07 Gov	9,252.9	271.3	3.0%
Change FY 2000-01 to FY 2006-07		(491.5)	-5.0%

Table 5

School Aid Fund Appropriations History (Millions of Dollars)			
Fiscal Year	State-Funded Appropriations	Dollar Change	Percent Change
1997-98	\$9,307.4	\$749.1	8.8%
1998-99	9,495.1	187.7	2.0%
1999-2000	9,957.6	462.5	4.9%
2000-01	10,732.3	774.7	7.8%
2001-02	11,220.6	488.3	4.5%
2002-03	11,334.6	114.0	1.0%
2003-04	11,059.3	(275.3)	-2.4%
2004-05	11,113.5	54.2	0.5%
2005-06	11,364.6	251.1	2.3%
2006-07 Gov	11,706.3	341.7	3.0%
Change FY 2000-01 to FY 2006-07		974.0	9.8%

Table 6

Federal Funds Appropriated in Michigan Budget (Millions of Dollars)			
Fiscal Year	Federal Funds	Adjusted Gross Appropriations	Federal as % of Total Adjusted Gross
1997-98	\$7,931.5	\$31,472.8	25.20%
1998-99	8,623.4	33,160.3	26.01%
1999-2000	9,765.6	35,417.7	27.57%
2000-01	10,002.2	36,953.3	27.07%
2001-02	11,242.9	38,751.3	29.01%
2002-03	12,226.7	39,553.1	30.91%
2003-04	12,361.6	39,115.3	31.60%
2004-05	12,855.5	39,909.5	32.21%
2005-06	12,933.4	40,860.8	30.46%
2006-07 Gov	13,411.6	41,882.5	32.02%
% Change FY 2006-07 From FY 1997-98	69.0%	33.1%	

Table 7

Federal Revenues as Percentage of Adjusted Gross Appropriations		
	FY 1997-98	FY 2006-07
Community Health	49.45%	54.37%
Human Services	56.99%	70.39%
Transportation	27.86%	33.97%
Education.....	7.22%	9.73%
Total Budget	25.20%	32.02%

Table 8

State Spending from State Resources Appropriations Total Compared to Selected Budget Areas (Millions of Dollars)				
Budget Area	FY 2002-03 Actual	FY 2006-07 Gov's Rec.	Dollar Change	Percent Change
Community Health	\$3,259.4	\$4,819.3	\$1,559.9	47.9%
Corrections	1,655.6	1,934.3	278.7	16.8
K-12 School Aid	11,334.6	11,706.3	371.7	3.3
Community Colleges	310.9	287.1	(23.8)	(7.7)
Higher Education	1,839.4	1,738.8	(100.6)	(5.5)
Revenue Sharing ¹⁾	1,250.0	1,114.5	(135.5)	(10.8)
Total State Spending	26,020.5	27,992.4	1,971.9	7.6
Addendum:				
Federal Gov't Outlays (millions)	2,160,117	2,770,097		28.2
Michigan Personal Income (millions)	314,101	364,597		16.1
Detroit Consumer Price Index	182.0	199.3		9.5
¹⁾ Excludes Revenue Sharing paid to counties in FY 2002-03.				

FY 2006-07
General Fund/
General Purpose
Budget Recommendation

Table 9

Governor's FY 2006-07 Budget Recommendation General Fund/General Purpose Revenue Recommendations (Millions of Dollars)	
Consensus Revenue Estimate (January 2006)	\$8,377.2
Revenue Adjustments not Included in Consensus Estimate:	
Revenue Sharing Freeze	600.2
Utilize FY 2005-06 Year-End Balance.....	79.8
Tax Policy Changes	88.4
Fee Increases (Liquor License Fee).....	23.0
Land Sales	28.0
Shift Short-Term Borrowing Costs to School Aid Fund.....	22.8
Interest Earnings Tobacco Securitization	15.0
Fund Shifts/Other	20.8
Subtotal Revenue Adjustments not Included in Consensus Estimate	\$878.0
Governor's GF/GP Revenue Recommendation	\$9,255.2

Table 10

Governor's Proposed Tax Increases: FY 2006-07			
Proposed Tax Increase	State Government Fiscal Impact		
	GF/GP	School Aid Fund	Total
Sales and Use Taxes			
Eliminate exemptions for international calls, WATS, 800 call centers, & interstate private networks. (Use tax)	\$14.8	\$7.4	\$22.2
Reduce exemption for interstate truck and trailer purchases. (Primarily use tax)	11.0	5.5	16.5
Eliminate exemption for school purchases of driver ed vehicles. (Use tax) *	0.2	0.4	0.6
Eliminate exemption for prisoner purchases from prison store. (Sales tax) *	0.2	0.4	0.6
Eliminate insurance company use tax exemption on out-of-state purchases (SBT bill but use tax fiscal impact). *	2.0	1.0	3.0
Ensure collection of tax from affiliates of businesses with nexus in Michigan. (Use tax, see below for SBT impact)	6.0	3.0	9.0
Subtotal Sales & Use Taxes			
Sales Tax	\$0.3	\$0.9	\$1.2
Use Tax	\$33.8	\$16.9	\$50.7
Single Business Tax			
Ensure collection of tax from affiliates of businesses with nexus in Michigan. (See above for use tax impact)	\$6.0	\$0.0	\$6.0
Limit professional employer organization credits and deductions.	15.0	0.0	15.0
Apply current small business credit eligibility requirements to limited liability companies. *	0.8	0.0	0.8
Apply current small business credit eligibility requirements to out-of-state affiliates. *	3.0	0.0	3.0
Eliminate deduction for gains realized by or passed through affiliate not located or taxed in Michigan. *	8.3	0.0	8.3
Credit/loss carryforward deduction restriction. *	3.8	0.0	3.8
Subtotal Single Business Tax	\$36.9	\$0.0	\$36.9
Income Tax			
Eliminate oil and gas expense (double) deduction.	\$2.8	\$1.0	\$3.8
Tax on gains from inherited assets would be based on decedent's initial value instead of value at time of death.	4.6	1.6	6.2
Subtotal Income Tax	\$7.4	\$2.6	\$10.0
Property Tax and Other			
Commercial rental property: property tax exemption and new specific tax.*	\$0.0	\$2.5	\$2.5
Increase penalties for certain delinquent taxes.*	4.9	0.0	4.9
Publicize names of major delinquent taxpayers.	5.0	0.0	5.0
Subtotal Property Tax & Other	\$9.9	\$2.5	\$12.4
Total Proposed Tax Increases	\$88.4	\$22.8	\$111.2
* Item passed by the Legislature in November 2005 and vetoed by the Governor.			

Table 11

FY 2006-07 Budget General Fund/General Purpose Revenue, Expenditures, and Year-End Balance (Millions of Dollars)	
	Gov's Rec.
Projected Revenue:	
Beginning Balance	\$ 79.8
Consensus Revenue Estimate	8,491.8
Other Revenue Adjustments:	
Single Business Tax Reductions	(114.6)
Pharmaceutical Tax Credit Adjustment	10.0
Continue Revenue Sharing Freeze	<u>600.2</u>
Subtotal Current Law Revenue	8,987.4
Governor's Recommended Revenue Adjustments:	
Land Sales	28.0
Financial Institutions Fund Transfer to GF/GP	2.8
Agriculture Equine Fund Transfer to GF/GP	2.0
State Services Fee Fund Transfer to GF/GP	6.0
Interest Earning Tobacco Securitization	15.0
Tax Policy Changes	88.4
Liquor License Fee Increase	23.0
Shift Short Term Borrowing Costs to School Aid Fund	<u>22.8</u>
Subtotal Governor's Recommended Revenue Adjustments	188.0
Total Estimated Revenue	\$9,255.2
Expenditures:	
Governor's Appropriation Recommendations	\$9,252.9
Projected Year-End Balance	\$ 2.3

Table 12

Governor's FY 2006-07 Appropriations Recommendations Major Proposed Changes From FY 2005-06 Year-To-Date General Fund/General Purpose Appropriations (Millions of Dollars)	
FY 2005-06 Year-To-Date Appropriations	\$8,981.6
FY 2006-07 Governor's Appropriation Recommendations	<u>9,252.9</u>
Net Increase in Appropriations	\$ 271.3
 Total Funding Increases	 \$ 478.8
Total Funding Reductions	(204.9)
Total Fund Shifts	<u>(2.6)</u>
Total GF/GP Funding Change	\$ 271.3

Table 13

FY 2006-07 Governor's Recommendation GF/GP Major Funding Increases (Millions of Dollars)	
<u>Department/Program</u>	
Community Colleges	
Operational Funding Increase	\$ 5.5
Renaissance Zone Tax Reimbursements.....	0.3
Community Health	
Medicaid Caseload/Utilization/Inflation.....	133.6
Actuarially Sound Rates for HMOs and Community Mental Health	38.4
Mount Pleasant Center Disability Center Staffing Increase	1.6
Adult Home Help Workers Wage Increase	8.7
Corrections	
Correctional Officer Training Costs	8.8
Prison Health Care Costs.....	2.3
Information Technology Upgrades	1.8
Enhancement of Electronic Tether System	1.7
Various Other Operational Increases	2.0
Higher Education	
Operations Funding Increase	28.4
Competitive Scholarships.....	29.5
Human Services	
Caseload/Utilization/Inflation	14.9
Local Office Worker Relief Effort (Bridge Program)	2.8
Child Support Automation	1.6
Child Protective Services Staff Increase	1.5
Various Other Operational Increases	6.6
State	
Business Applications Modernization Project	1.1
State Police	
Uniform Services Restoration.....	1.1
Fire Investigation Restoration.....	1.2
Treasury-Debt Service	
General Obligation Bond Debt Service.....	23.4
Treasury-Operations	
Senior Citizen Cooperative Housing Tax Payments	0.9
Telephone/Telegraph Tax Appraisals.....	2.0
Departmentwide Economic Adjustments:	
Wage and Salary Increases	63.2
Health Care and Other Insurance Increases	23.8
Employee Retirement Increases	58.5
Building Occupancy Charges.....	1.6
All Other Economic Adjustments.....	4.3
All Other Funding Increases.....	7.7
Total Major Funding Increases	\$478.8

Table 14

FY 2006-07 Governor's Recommendation GF/GP Major Funding Reductions (Millions of Dollars)	
<u>Department/Issue</u>	
Capital Outlay	
Elimination of FY 2005-06 One-Time Grant to Detroit Zoo/Museums.....	\$(4.4)
Civil Service	
Various Administrative Efficiencies	(0.4)
Community Health	
Pharmaceutical Rebates.....	(43.0)
Various Cost Reduction Initiatives.....	(20.4)
Corrections	
Corrections Security Inspectors	(1.5)
Eliminate Jail Capacity Grants	(4.0)
Efficiency Adjustments in Facilities	(3.0)
Various Technical Adjustments.....	(1.1)
Environmental Quality	
State Revolving Fund for Sewer Projects.....	(1.1)
Higher Education	
Tuition Grant Program	(54.8)
Human Services	
Front End Eligibility Initiative Savings.....	(3.7)
Jobs, Education and Training Pilot Savings	(11.0)
Day Care Services Half-Day Program Savings	(5.0)
Management and Budget	
State Building Authority Debt Service Payments.....	(18.3)
Various Administrative Reductions.....	(0.5)
School Aid Fund	
Reduce GF/GP Grant to School Aid Fund.....	(27.7)
State Police	
Employee Staffing Level Adjustments.....	(1.7)
Treasury-Operations	
Adjust for One-Time Supplemental Appropriation	(1.0)
Various Administrative Reductions.....	(1.3)
Treasury (Strategic Fund Agency)	
Eliminate 21st Century GF/GP Grant.....	(1.0)
Major Funding Reductions	\$(204.9)

Table 15

**FY 2006-07 Governor's Recommendation
GF/GP Major Funding Shifts to Increase/(Reduce) GF/GP
(Millions of Dollars)**

<u>Department/Issue</u>	
Agriculture	
Fund Shift Food Safety Program from Restricted to GF/GP	\$0.5
Community Health	
Shift Health and Vision Screening to School Aid Fund	(2.6)
Fund Shift for Certain Pharmaceutical Services and Graduate Medical Education.....	(11.7)
Fund Shift in Medicaid Program due to Decreased Federal Medicaid Match Rate	17.2
Fund Shift in Medicaid Program from GF/GP to Medicaid Benefits Trust Fund	(30.0)
Fund Shift in Medicaid Program from Higher Provider Taxes	(29.8)
Fund Shift in Medicaid Program from GF/GP to Tobacco Settlement Revenue	(18.9)
Fund Shift in Senior Drug Program from GF/GP to Federal Funds	(3.9)
Corrections	
Fund Shift Special Maintenance to State Building Authority Funding	(2.0)
Education	
Shift School Breakfast Program to School Aid Fund	(9.6)
Higher Education	
Fund Shift in Children of Veterans Tuition Grants from GF/GP to Tax Check-Off	(0.5)
Human Services	
Increase GF/GP for TANF Program to Replace Federal Funds	78.0
Increase GF/GP for Social Services Block Grant to Replace Federal Funds	15.3
Shift Juvenile Justice Education Funding to School Aid Fund	(3.0)
Other Various Federal Funding Increases to Reduce GF/GP	(8.1)
Labor and Economic Growth	
Fund Shift Job Training Programs from Federal to GF/GP	4.4
Fund Shift Welfare to Work Program from Federal to GF/GP	1.3
Fund Shift Pre-College Engineering from GF/GP to School Aid	(0.7)
Military and Veterans Affairs	
Fund Shift Challenge Program from GF/GP to School Aid Fund	(0.8)
Fund Shift Grand Rapids Veterans Home from Restricted to GF/GP	1.2
Natural Resources	
Fund Shift in Forest Fire Protection from GF/GP to Restricted	(1.5)
State Police	
Fund Shift At-Post Troopers from Restricted to GF/GP	2.0
Fund Shift School Bus Inspections from GF/GP to School Aid Fund	(1.3)
Fund Shift MCOLES Administration from Restricted to GF/GP	1.9
Total Major Funding Shifts	\$(2.6)

Table 16
FY 2006-07
General Fund/General Purpose
(Millions of Dollars)

	Gov's Rec.
Total GF/GP Appropriations	\$9,252.9
Major Program Areas	
Debt Service Payments	313.9
Human Service Programs.....	4,192.9
Higher Education Programs.....	1,872.1
Corrections	<u>1,865.6</u>
Subtotal	8,244.5
Major Programs Areas as % of Total.....	89.1%

FY 2006-07
School Aid Fund
Budget Recommendation

Table 17

FY 2006-07 Budget Outlook School Aid Fund (Millions of Dollars)	
	Gov's Rec.
Projected Revenue:	
Beginning Balance.....	\$ 80.2
Consensus Revenue Estimate	11,591.1
Other Revenue Adjustments:	
Tax Policy Changes.....	22.8
Short-Term Borrowing Costs	(22.8)
GF/GP Grant	35.0
Federal Aid	1,412.7
Total Estimated Revenue	\$13,119.0
Expenditures	
Governor's Appropriation Recommendations	\$13,119.0
Projected Year-End Balance	\$ 0.0

Table 18

Governor's FY 2006-07 Budget Recommendations K-12 School Aid Appropriation Increases (Millions of Dollars)	
FY 2005-06 Governor's Recommended Appropriations ¹⁾	\$12,747.2
FY 2006-07 Governor's Appropriation Recommendation	<u>13,119.0</u>
Net Increase in Appropriations.....	\$ 371.8
Recommended Appropriation Increases in Existing Programs:	
Basic Foundation Allowance Increase \$175 Per Pupil	124.5
Special Education State Cost Increases.....	55.6
School Readiness Four-Year-Old Preschool Program	28.8
Net Federal Grant Adjustments	20.2
ISD Early Childhood.....	6.7
Adult Education.....	4.0
Renaissance Zone	5.2
School Bond Loan Fund Debt Service.....	3.5
ISD Operational Increases.....	2.8
All Other Program Increases.....	<u>6.8</u>
Subtotal Appropriation Increases.....	246.1
Recommended New Categorical Programs:	
Declining Enrollment Additional Payments	50.0
Health/Science Middle College Program	5.0
Elementary Math/Reading Literacy Programs	10.0
Middle School Math/Science/Technology After School Programs	15.0
Payments to Districts with Deficit Mills Prior to Proposal A	12.0
Other New Programs	<u>4.0</u>
Subtotal New Categorical Programs.....	96.0
Program Shifts to School Aid Fund Budget:	
MEAP Test Contract Costs (Education)	19.5
School Breakfast (Education)	9.6
Hearing and Vision Screening (Community Health)	5.2
DHS Juvenile Facilities Education Expenses (Human Services)	3.0
School Bus Inspections (State Police)	1.3
Youth Challenge Program (Military Affairs)	1.3
Pre-College Engineering Program (Labor and Economic Growth).....	<u>0.7</u>
Subtotal Program Shifts to School Aid Fund Budget.....	40.6
Recommended Appropriation Reductions:	
Detroit Reform Board Supplemental Payment.....	(7.0)
Middle School Math Initiative	<u>(3.9)</u>
Subtotal Appropriation Reductions	(10.9)
Total Recommended Appropriation Changes	<u>\$371.8</u>
1) Assumes enactment of Governor's recommended \$25 supplemental increase in the Basic Foundation Allowance.	

Table 19

Historical K-12 Funding Basic Foundation Allowance			
Fiscal Year	Enacted Per Pupil	After Proration	Percent Change
1999-2000	5,700	5,700	N/A
2000-01	6,000	6,000	5.3%
2001-02	6,500	6,500	8.3%
2002-03	6,700	6,626	1.9%
2003-04	6,700	6,626	0.0%
2004-05	6,700	6,700	1.1%
2005-06	6,875	6,875	2.6%
2006-07 Gov's	7,075	7,075	2.9%
7-Year Change	1,375	1,375	
7-Year Change	24.1%	24.1%	

Table 20

Retirement Contribution Rates As a Percentage of Payroll			
	FY 2005-06	FY 2006-07	FY 2006-07 Change
<u>State Employees Retirement System</u>			
Defined Benefit Pension	14.30%	18.10%	3.80%
Defined Benefit Health Care	<u>13.75%</u>	<u>12.20%</u>	<u>(1.55)%</u>
Total Defined Benefit Costs	28.05%	30.30%	2.25%
Defined Contribution Pension	6.00%	5.30%	(0.70)%
Defined Contribution Health Care	<u>13.75%</u>	<u>12.20%</u>	<u>(1.55)%</u>
Total Defined Contribution Costs	19.75%	17.50%	(2.25)%
<u>Public School Employees Retirement System</u>			
Defined Benefit Pension	9.79%	11.19%	1.40%
Defined Benefit Health Care	<u>6.55%</u>	<u>6.55%</u>	<u>0.00%</u>
Total Defined Benefit Costs	16.34%	17.74%	1.40%
Estimated FY 2006-07 Payroll: State Employees Retirement System, \$2.3 billion; Public School Employees Retirement System, \$9.3 billion			

Major Budget Areas Appropriation Summaries

FY 2006-07 Capital Outlay Recommendations

The FY 2006-07 Governor's recommendation is highlighted by the proposed issuance of \$364.3 million in new State Building Authority (SBA) bonds for a variety of capital projects. This new debt would provide financing for capital improvement projects at State agencies, State Parks, five universities, and 14 community colleges. In addition, for the first time the Governor is recommending a new \$100.0 million Regional Economic Development Initiative to provide incentives for State and local partnerships for yet-to-be-specified economic development projects.

The recommendation includes both planning authorizations for the larger construction projects, and direct construction authorization for the State Park and smaller maintenance-type projects. Once all the bonds had been sold (once all projects were complete in the expected two to three years), it is estimated that approximately \$100.0 million in bonding authority would remain available under the statutorily authorized limit of available bond capacity, currently set at \$2.7 billion. While the FY 2006-07 budget impact is only \$2,200 (\$100 for each distinct project authorization), the anticipated annual debt service obligation once all projects had been financed, is expected to be in the order of \$35.0 million General Fund.

The table below describes the recommended projects for colleges and universities in greater detail. There is no available detail on the State Park or State agency special maintenance projects. The Regional Economic Development projects would be solicited by the Governor with the anticipation that final selection of proposals be deliberated with the Legislature prior to completion of the FY 2006-07 budget.

Table 21

Recommended State Building Authority Projects				
Universities	Project	Total Cost	State Share	% State Share
Eastern	Pray-Harrold Building Renovations	\$52,695,000	\$39,521,300	75%
Lake Superior State	South Hall Reconstruction	10,000,000	7,500,000	75
Northern	Cohodas Building Renovations	15,584,000	11,688,000	75
Oakland	Engineering Center	64,357,700	40,000,000	62
U of M-Dearborn	Preparation Childhood Development Center	6,000,000	4,500,000	75
Subtotal Universities		\$148,636,700	\$103,209,300	69%
Colleges	Project	Total Cost	State Share	% Total
Delta College	Health & Wellness Programs – F Wing	\$11,299,000	\$5,649,500	50%
Grand Rapids	Lifelong Learning Center	21,900,000	10,950,000	50
Henry Ford	Instructional Technology & Infrastructure Improvements	12,160,000	6,080,000	50
Kalamazoo Valley	Texas Township Campus Expansion	7,065,000	3,532,500	50
Kellogg	C Classroom Building Renovations	4,000,000	2,000,000	50
Kirtland	Campus-Wide Water Well System	1,005,000	502,500	50
Lake Michigan	Emerging Technologies Initiative	7,000,000	3,500,000	50
Monroe County	Classroom Technology & Environmental Upgraded	2,200,000	\$1,100,000	50
C.S. Mott	Mott Library Renovations	8,200,000	4,100,000	50
Muskegon	Museum/Art Project	10,000,000	5,000,000	50
North Central	University and Science Center	16,323,700	8,161,800	50
Oakland	Building A Addition/Renovations	32,065,000	16,032,500	50
St. Clair County	Health and Human Services Center	7,000,000	3,500,000	50
Wayne County	Northwest Campus Replacement	42,000,000	21,000,000	50
Subtotal College Projects		\$182,217,700	\$91,108,800	50%
Other Programs	Project	Total Cost	State Share	% Total
Regional Economic Development Initiative	To be determined through a call for projects from local governments and economic development organizations.	Unknown	\$100,000,000	Unknown
State Parks and Recreation Areas	Variety of unidentified maintenance projects	\$20,000,000	\$20,000,000	100%
State Facility Preservations Projects – Phase III	Variety of unidentified maintenance projects	\$50,000,000	\$50,000,000	100%
Total Recommendation		Unknown	\$364,318,100	Unknown

Community Colleges and Higher Education Recommendations

Community College Operations: The Governor's budget recommends a 2.0% across-the-board funding increase for the 28 community colleges. The FY 2006-07 recommended funding level for community college operations is \$280.6 million. This recommended funding level represents an 11.1% decline from the peak level of operational funding which occurred in FY 2001-02.

University Operations: The Governor's budget recommends a 2.0% overall funding increase for the State's public universities. This recommended funding level represents a 10.3% decline from the peak level of operations funding which occurred in FY 2001-02. The Governor's recommendation includes a 2.0% funding increase for Michigan State University, the University of Michigan-Ann Arbor, and Wayne State University. The remaining 12 public universities will receive a 1.0% across-the-board funding increase plus an additional 1.0% or \$6.1 million will be distributed through a funding formula that takes into account tuition revenue, financial aid expenditures, Pell grants awarded, and degrees completed. Utilizing this formula leads to overall operations funding increases for the 12 public universities that range from 1.6% to 3.9%.

Financial Aid: The Governor's budget proposes to eliminate the \$58.8 million of current-year funding for the Michigan Tuition Grant program that provides need-based financial aid to students at independent colleges. Of this reduction in the funding for tuition grants, \$29.5 million will be redirected to increase funding in the State Competitive Scholarship Program. This program provides need- and merit-based financial aid to students at both public and independent colleges and universities.

Michigan Leadership, Education and Development (MiLEAD): The recommendation includes \$5.0 million from the Civilian Conservation Corps Fund in the Department of Natural Resources for a new program: Michigan Leadership, Education and Development (MiLEAD). The new program would link academic learning at postsecondary institutions with conservation-based community service needs.

Table 22

FY 2006-07 Community College Appropriations				
College	FY 2005-06 Enacted PA 154 2005	FY 2006-07 Recommended Appropriation	Dollar Change	Percent Change
Alpena	\$4,777,100	\$4,872,600	\$95,500	2.0%
Bay de Noc	4,618,500	4,710,900	92,400	2.0%
Delta	12,917,100	13,175,400	258,300	2.0%
Glen Oaks	2,167,100	2,210,400	43,300	2.0%
Gogebic	3,951,500	4,030,500	79,000	2.0%
Grand Rapids	16,247,500	16,572,500	325,000	2.0%
Henry Ford	19,800,700	20,196,700	396,000	2.0%
Jackson	10,960,800	11,180,000	219,200	2.0%
Kalamazoo Valley	11,183,600	11,407,300	223,700	2.0%
Kellogg	8,786,700	8,962,400	175,700	2.0%
Kirtland	2,666,800	2,720,100	53,300	2.0%
Lake Michigan	4,728,900	4,823,500	94,600	2.0%
Lansing	28,097,100	28,659,000	561,900	2.0%
Macomb	29,978,600	30,578,200	599,600	2.0%
Mid Michigan	3,999,100	4,079,100	80,000	2.0%
Monroe	3,890,800	3,968,600	77,800	2.0%
Montcalm	2,814,300	2,870,600	56,300	2.0%
Mott	14,205,400	14,489,500	284,100	2.0%
Muskegon	8,083,900	8,245,600	161,700	2.0%
North Central	2,738,100	2,792,900	54,800	2.0%
Northwestern	8,248,900	8,413,900	165,000	2.0%
Oakland	18,910,900	19,289,100	378,200	2.0%
St. Clair	6,334,300	6,461,000	126,700	2.0%
Schoolcraft	11,098,900	11,320,900	222,000	2.0%
Southwestern	5,958,000	6,077,200	119,200	2.0%
Washtenaw	11,280,600	11,506,200	225,600	2.0%
Wayne County	14,582,200	14,873,800	291,600	2.0%
West Shore	2,077,300	2,118,800	41,500	2.0%
Subtotal Operations	\$275,104,700	\$280,606,700	\$5,502,000	2.0%
At Risk	3,322,700	3,322,700	0	0.0%
Renaissance Zone	2,900,000	3,200,000	300,000	10.3%
Total Gross Approp. GF/GP	\$281,327,400	\$287,129,400	\$5,802,000	2.1%

Table 23

FY 2006-07 Governor's Recommendation for Higher Education

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
UNIVERSITIES	FY 2005-06 Year-to-Date Appropriation	FY 2005-06 Approp. Per Student*	Across Bd. Increase for MSU, UM-AA, WSU, 2.0%	Across Bd. Increase for 12 Universities: 1.0%	Formula Increase for 12 Universities: \$6,050,800	Phase Out Tuition Grants; Increase Merit, TIP Vets; Add MiLEAD	FY 2006-07 Governor's Rec.	\$ Change from FY 2005-06	% Change from FY 2005-06	FY 2006-07 Approp. Per Student*
Central	\$80,061,900	\$3,736		\$800,600	\$873,700		\$81,736,200	\$1,674,300	2.1%	\$3,814
Eastern	76,140,600	4,019		761,400	726,100		77,628,100	1,487,500	2.0%	4,097
Ferris	48,634,700	4,611		486,300	357,600		49,478,600	843,900	1.7%	4,691
Grand Valley	61,129,900	3,151		611,300	708,000		62,449,200	1,319,300	2.2%	3,219
Lake Superior	12,506,300	4,827		125,100	357,200		12,988,600	482,300	3.9%	5,013
Michigan State	283,730,300	8,258	\$5,674,600				289,404,900	5,674,600	2.0%	8,394
Michigan Tech	48,018,800	8,095		480,200	381,400		48,880,400	861,600	1.8%	8,240
Northern	45,051,600	5,348		450,500	376,900		45,879,000	827,400	1.8%	5,446
Oakland	50,685,700	3,664		506,900	527,100		51,719,700	1,034,000	2.0%	3,739
Saginaw Valley	27,499,800	3,595		275,000	527,900		28,302,700	802,900	2.9%	3,700
UM-Ann Arbor	316,368,500	8,048	6,327,400				322,695,900	6,327,400	2.0%	8,209
UM-Dearborn	24,739,200	3,973		247,400	300,300		25,286,900	547,700	2.2%	4,061
UM-Flint	20,903,100	4,231		209,000	308,000		21,420,100	517,000	2.5%	4,335
Wayne State	214,666,300	8,603	4,293,300				218,959,600	4,293,300	2.0%	8,775
Western	109,695,200	4,569		1,097,000	606,600		111,398,800	1,703,600	1.6%	4,640
Ag Experiment Station (AES)	33,163,800						33,163,800	0	0.0%	
Cooperative Extension (CES)	28,604,300						28,604,300	0	0.0%	
Higher Education Database	200,000						200,000	0	0.0%	
Midwest Higher Ed Compact	90,000						90,000	0	0.0%	
King-Chavez-Parks	2,691,500						2,691,500	0	0.0%	
TOTAL UNIVERSITIES	\$1,484,581,500	\$5,926	\$16,295,300	\$6,050,700	\$6,050,800	\$ 0	\$1,512,978,300	\$28,396,800	1.9%	\$6,039
Merit Award Trust Fund	9,500,000		0	0	0	0	9,500,000	0	0.0%	
State GF/GP	1,475,081,500		16,295,300	6,050,700	6,050,800	0	1,503,478,300	28,396,800	1.9%	
GRANTS & FINANCIAL AID										
Competitive Scholarships	34,630,500					28,968,100	63,598,600	28,968,100	83.6%	
Tuition Grants	58,768,100					(58,768,100)	0	(58,768,100)	-100.0%	
Work Study	7,326,300						7,326,300	0	0.0%	
Part-time Independent	2,653,300						2,653,300	0	0.0%	
Ed. Opportunity Grants (MEOG)	2,084,200						2,084,200	0	0.0%	
Byrd Scholarship Program	1,500,000						1,500,000	0	0.0%	
Nursing Scholarship Program	4,000,000						4,000,000	0	0.0%	
Michigan Merit Award Program	126,400,000					1,300,000	127,700,000	1,300,000	1.0%	
Tuition Incentive Program (TIP)	12,000,000					2,000,000	14,000,000	2,000,000	16.7%	
Children of Veterans Tuition	500,000					500,000	1,000,000	500,000	100.0%	
Mi. Leadership, Ed, Development	0					5,000,000	5,000,000	5,000,000	na	
TOTAL FINANCIAL AID	249,862,400		0	0	0	(21,000,000)	228,862,400	(21,000,000)	-8.4%	
Federal	3,500,000		0	0	0	(500,000)	3,000,000	(500,000)	-14.3%	
Merit Award Trust Fund	137,000,000		0	0	0	1,300,000	138,300,000	1,300,000	0.9%	
MHEAA/Carry-Forward	7,000,000		0	0	0	(7,000,000)	0	(7,000,000)	-100.0%	
Veterans Tax Check off	0		0	0	0	1,000,000	1,000,000	1,000,000	na	
Civilian Conservation Corp	0		0	0	0	5,000,000	5,000,000	5,000,000	na	
State GF/GP	102,362,400		0	0	0	(20,800,000)	81,562,400	(20,800,000)	-20.3%	
TOTAL HIGHER ED	1,734,443,900		16,295,300	6,050,700	6,050,800	(21,000,000)	1,741,840,700	7,396,800	0.4%	
TOTAL FEDERAL	3,500,000		0	0	0	(500,000)	3,000,000	(500,000)	-14.3%	
TOTAL STATE RESTRICTED	153,500,000		0	0	0	300,000	153,800,000	300,000	0.2%	
TOTAL STATE GF/GP	1,577,443,900		16,295,300	6,050,700	6,050,800	(20,800,000)	1,585,040,700	7,596,800	0.5%	

* FY 2004-05 Fiscal-Year-Equated Students (FYES); MSU calculation includes funding for AES and CES.

FY 2006-07 Department of Community Health Recommendations

Medicaid Base and Caseload Issues

The Executive budget assumes an average Medicaid caseload for FY 2006-07 of 1,539,000, up from the assumed FY 2005-06 caseload of 1,500,000. The budget also assumes that the FY 2005-06 Medicaid base is sufficient to cover anticipated expenditures. If the FY 2005-06 base is underfunded, that will mean a supplemental will be needed and it will likely mean that the Executive's FY 2006-07 base is underfunded.

Michigan First Healthcare Plan

The Executive's proposal for a health insurance plan for uninsured individuals under 200% of poverty will depend on the Federal government approving a waiver and providing about \$1.0 billion in new funding. The FY 2006-07 budget includes half-year placeholder funding of \$200.0 million.

GF/GP Savings Dependent on Further State or Federal Action

The Governor's FY 2006-07 budget recommendation includes GF/GP savings of \$93.1 million from a series of policy changes that will require statutory changes on the State and Federal levels or Federal waivers. These policy changes include:

Actuarially Sound Rates for Medicaid HMOs and CMHs: The budget includes a 5.0% rate increase for HMOs and a 2.0% rate increase for CMHs in order to meet a Federal requirement that managed care rates be actuarially sound. The Federal government will decide whether the rates and the funding included for them are sufficient to meet the requirement. While this item is not a savings per se, any Federal action to mandate more funding for rate increases would increase GF/GP costs.

Hospital Quality Assurance Assessment Program: The budget includes a proposal to increase the hospital QAAP tax by 1.0%. This additional revenue would be used to increase payments to HMOs while, at the same time, Medicaid hospital reimbursement rates would be increased. The net effect would be to increase fee for service and managed care hospital payments by almost \$320.0 million, leading to a net gain for hospitals of about \$150.0 million. The Federal government would have to approve this change and the Legislature would have to change the QAAP statute. As the budget reflects almost \$30.0 million in GF/GP savings from gainsharing, failure to obtain Federal or Legislative approval would create a hole in the budget.

Third Party Liability Collections. The Executive budget assumes savings of \$11.7 million GF/GP from increased third party liability collections. The savings would be dependent on passage of State legislation requiring insurance companies to provide information on enrollees to enable matches with the Medicaid clientele base.

Pharmaceutical Rebates. The Executive budget assumes that Congress will pass a provision allowing states to claim pharmaceutical rebates on pharmaceuticals paid for by Medicaid HMOs. This change, if enacted, is estimated to save \$43.0 million GF/GP. It should be noted that a similar provision did not make it into S-1932, the budget reduction act signed last week by President Bush.

In addition, \$8.4 million in further GF/GP savings could be obtained by transferring the costs for certain mental health drugs to HMOs and CMHs, which would increase the QAAP base. Without the ability to collect rebates on pharmaceuticals paid for by managed care organizations, the transfer of payment responsibility would increase costs and would not be feasible, so the \$8.4 million in savings is also dependent on Federal action.

FY 2006-07 Department of Human Services Recommendations

FY 2005-06 Supplemental Appropriations: The budget recommendation includes a \$32.6 million GF/GP supplemental. This supplemental appropriation provides GF/GP appropriations to replace unavailable Federal funds in the Temporary Assistance for Needy Families (TANF) program and the Social Services Block Grant program. The recommendation also provides partial-year funding for the hiring of 51 additional child protective service caseworkers.

Caseload Adjustments: The budget recommendation includes funding for estimated caseloads in a variety of programs funded in the Department.

Funding Reductions: The budget recommendation includes appropriation reductions from an effort to verify caseload eligibility, the implementation of a half-day program for day care services and the implementation of the Jobs, Education and Training (JET) pilot program to assist recipients meeting workforce requirements and skills needed toward achieving self-sufficiency.

TANF Funding Shortfall: The budget recommendation includes a \$78.0 million GF/GP funding increase to offset a reduction in Federal funds. The shortage of Federal funds results primarily from the depletion of TANF carried forward from prior fiscal years.

Departmental Appropriation Recommendation

Table 24

**Adjusted Gross Appropriations
FY 2005-06 Versus Governor's Recommendation**

Department/Budget Area	FY 2005-06 Year-To-Date Appropriations	FY 2006-07 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture	\$108,810,200	\$101,402,300	\$(7,407,900)	(6.8)%
Attorney General	51,312,000	54,392,000	3,080,000	6.0
Capital Outlay	226,304,700	213,975,100	(12,329,600)	(5.4)
Civil Rights	13,158,500	14,020,200	861,700	6.5
Civil Service	30,270,700	30,759,000	488,300	1.6
Community Colleges	281,327,400	287,129,400	5,802,000	2.1
Community Health	10,292,104,000	11,224,970,900	932,866,900	9.1
Corrections	1,859,062,600	1,946,183,100	87,120,500	4.7
Education	117,475,600	90,365,100	(27,110,500)	(23.1)
Environmental Quality	437,164,900	351,994,900	(85,170,000)	(19.5)
Executive	5,375,500	5,375,500	0	0.0
Higher Education	1,734,443,900	1,741,840,700	7,396,800	0.4
History, Arts, and Libraries	52,569,400	54,609,700	2,040,300	3.9
Human Services	4,425,535,800	4,470,701,800	45,166,000	1.0
Information Technology	0	0	0	0.0
Judiciary	252,818,400	255,685,200	2,866,800	1.1
Labor and Economic Growth	1,203,975,200	1,204,827,800	852,600	0.1
Legislature	127,430,400	127,430,400	0	0.0
Management and Budget	359,924,400	340,848,500	(10,075,900)	(2.9)
Military Affairs	116,042,600	120,653,000	4,610,400	4.0
Natural Resources	269,251,900	283,252,300	14,000,400	5.2
School Aid	12,757,151,300	13,119,014,700	361,863,400	2.8
State	177,378,400	184,793,500	7,415,100	4.2
State Police	530,073,800	555,854,400	25,780,600	4.9
Transportation	3,387,807,500	3,442,385,100	54,577,600	1.6
Treasury (Debt Service)	89,001,400	100,158,200	11,156,800	12.5
Treasury (Operations)	380,121,900	365,028,500	(15,093,400)	(4.0)
Treasury (Revenue Sharing)	1,108,919,800	1,114,471,400	5,551,600	0.5
Treasury (Strategic Fund)	475,017,700	80,401,200	(394,616,500)	(83.1)
TOTAL APPROPRIATIONS	\$40,860,829,900	\$41,882,523,900	\$1,021,694,000	2.5%

Table 25

**State Spending From State Resources
FY 2005-06 Versus Governor's Recommendation**

Department/Budget Area	FY 2005-06 Year-To-Date Appropriations	FY 2006-07 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture	\$76,089,800	\$78,461,500	\$2,371,700	3.1%
Attorney General	42,512,600	44,155,500	1,642,900	3.9
Capital Outlay	50,137,900	53,352,500	3,214,600	6.4
Civil Rights	12,108,700	12,454,000	345,300	2.9
Civil Service	23,641,600	24,129,900	488,300	2.1
Community Colleges	281,327,400	287,129,400	5,802,000	2.1
Community Health	4,467,908,400	4,819,288,600	351,380,200	7.9
Corrections	1,847,240,700	1,934,330,700	87,090,000	4.7
Education	39,613,600	13,894,500	(25,719,100)	(64.9)
Environmental Quality	292,652,200	211,206,400	(81,445,800)	(27.8)
Executive	5,375,500	5,375,500	0	0.0
Higher Education	1,730,943,900	1,738,840,700	7,896,800	0.5
History, Arts, and Libraries	43,773,700	45,581,400	1,807,700	4.1
Human Services	1,152,388,000	1,257,765,300	105,377,300	9.1
Information Technology	0	0	0	0.0
Judiciary	244,630,400	247,303,900	2,673,500	1.1
Labor and Economic Growth	390,440,600	391,343,400	902,800	0.2
Legislature	127,030,400	127,030,400	0	0.0
Management and Budget	350,924,400	340,848,500	(10,075,900)	(2.9)
Military Affairs	65,149,600	66,842,900	1,693,300	2.6
Natural Resources	228,171,600	238,162,900	9,991,300	4.4
School Aid	11,364,564,000	11,706,277,800	341,713,800	3.0
State	174,435,000	181,741,300	7,306,300	4.2
State Police	341,643,700	366,671,900	25,028,200	7.3
Transportation	2,184,113,400	2,225,499,100	41,385,700	1.9
Treasury (Debt Service)	89,001,400	100,158,200	11,156,800	12.5
Treasury (Operations)	343,691,100	328,056,000	(15,635,100)	(4.5)
Treasury (Revenue Sharing)	1,108,919,800	1,114,471,400	5,551,600	0.5
Treasury (Strategic Fund)	426,295,900	32,014,200	(394,281,700)	(92.5)
TOTAL APPROPRIATIONS	\$27,501,725,300	\$27,992,387,800	\$487,662,500	1.8%

Table 26

General Fund/General Purpose FY 2005-06 Versus Governor's Recommendation				
Department/Budget Area	FY 2005-06 Year-To-Date Appropriations	FY 2006-07 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture	\$28,362,700	\$30,062,500	\$1,699,800	6.0%
Attorney General	31,501,200	32,896,000	1,394,800	4.4
Capital Outlay	4,401,900	2,200	(4,399,700)	(99.9)
Civil Rights	12,108,700	12,454,000	345,300	2.9
Civil Service	7,102,400	6,972,400	(130,000)	(1.8)
Community Colleges	281,327,400	287,129,400	5,802,000	2.1
Community Health	2,951,899,400	3,001,975,800	50,076,400	1.7
Corrections	1,780,650,700	1,865,555,000	84,904,300	4.8
Education	16,100,400	6,667,500	(9,432,900)	(58.6)
Environmental Quality	31,809,600	33,328,400	1,518,800	4.8
Executive	5,375,500	5,375,500	0	0.0
Higher Education	1,577,443,900	1,585,040,700	7,596,800	0.5
History, Arts, and Libraries	41,190,100	42,800,200	1,610,100	3.9
Human Services	1,081,211,900	1,190,896,700	109,684,800	10.1
Information Technology	0	0	0	0.0
Judiciary	157,614,500	160,125,400	2,510,900	1.6
Labor and Economic Growth	39,063,400	47,436,700	8,373,300	21.4
Legislature	124,673,900	124,673,900	0	0.0
Management and Budget	291,220,000	273,409,600	(17,810,400)	(6.1)
Military Affairs	37,789,100	40,640,200	2,851,100	7.5
Natural Resources	25,593,200	25,119,600	(473,600)	(1.9)
School Aid	62,714,000	35,000,000	(27,714,000)	(44.2)
State	13,497,800	19,132,700	5,634,900	41.7
State Police	235,361,600	255,298,700	19,937,100	8.5
Transportation	0	0	0	0.0
Treasury (Debt Service)	52,886,900	76,243,700	23,356,800	44.2
Treasury (Operations)	57,684,500	61,542,700	3,858,200	6.7
Treasury (Revenue Sharing)	712,000	1,071,400	359,400	50.5
Treasury (Strategic Fund)	32,290,900	32,009,200	(281,700)	(0.9)
TOTAL APPROPRIATIONS	\$8,981,587,600	\$9,252,860,100	\$271,272,500	3.0%

Table 27

Full-Time Equated Positions FY 2005-06 Versus Governor's Recommendation				
Department/Budget Area	FY 2005-06 Year-To-Date Appropriations	FY 2006-07 Governor's Recommendation	Position Change	Percent Change
Agriculture	691.0	690.0	(1.0)	(0.1)%
Attorney General	560.0	557.0	(3.0)	(0.5)
Civil Rights	136.0	136.0	0.0	0.0
Civil Service	240.5	240.5	0.0	0.0
Community Health	4,668.6	4,665.1	(3.5)	(0.1)
Corrections	17,509.2	17,812.5	303.3	1.7
Education	423.5	435.5	12.0	2.8
Environmental Quality	1,567.2	1,561.7	(5.5)	(0.4)
Executive	74.2	74.2	0.0	0.0
Higher Education	1.0	1.0	0.0	0.0
History, Arts, and Libraries	232.0	232.0	0.0	0.0
Human Services	10,281.0	10,107.7	(173.3)	(1.7)
Information Technology	1,760.4	1,775.4	15.0	0.9
Judiciary	509.0	509.0	0.0	0.0
Labor and Economic Growth	4,161.5	4,206.5	45.0	1.1
Management and Budget	745.0	752.0	7.0	0.9
Military Affairs	1,016.0	1,015.0	(1.0)	(0.1)
Natural Resources	2,073.5	2,087.4	13.9	0.7
State	1,853.8	1,853.8	0.0	0.0
State Police	2,897.0	2,900.0	3.0	0.1
Transportation	3,022.3	3,030.3	8.0	0.3
Treasury (Operations)	1,691.5	1,697.5	6.0	0.4
Treasury (Strategic Fund)	190.0	152.0	(38.0)	(20.0)
TOTAL POSITIONS	56,304.2	56,492.1	187.9	0.3%